

CALEDONIA TOWNSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Caledonia Charter Township	County Shiawassee
Fiscal Year End December 31, 2006	Opinion Date June 25, 2007	Date Audit Report Submitted to State <i>August 20, 2007</i>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Demis & wenzlick, P.C.		Telephone Number (989) 723-8227	
Street Address 217 N. Washington St. Suite 201		City Owosso	State MI
Zip 48867			
Authorizing CPA Signature <i>Geraldine Terry</i> CPA		Printed Name Geraldine Terry	
License Number 1101026880			

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1	2
AUDITED FINANCIAL STATEMENTS		
Combined Balance Sheet – All Fund Types and Account Groups		3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and actual		4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Government Fund Types	5	6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings – All Proprietary Fund Types		7
Combined Statement of Cash Flows – All Proprietary Fund Types		8
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	9	10
Notes to Financial Statements	11	29
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS		
General Fund:		
Balance Sheet		30
Statement of Revenues, Expenditures and Change in Fund Balance	31	35
Special Revenue Funds:		
Balance Sheet		36
Statement of Revenues, Expenditures and Changes in Fund Balance		37
Special Revenue Funds:		
Fire Fund:		
Balance Sheet		38
Statement of Revenues, Expenditures and Changes in Fund Balance		39

TABLE OF CONTENTS (CONTINUED)

Fire Capital Acquisition Fund:		
Balance Sheet		40
Statement of Revenues, Expenditures and Changes in Fund Balance		41
Cemetery Fund:		
Balance Sheet		42
Statement of Revenues, Expenditures and Changes in Fund Balance		43
Capital Projects Funds:		
Revolving and Improvement Fund:		
Balance Sheet		44
Statement of Revenues, Expenditures and Changes in Fund Balance		45
Enterprise Fund:		
Balance Sheet		46
Statement of Revenues, Expenses and Changes in Retained Earnings	47	48
Statement of Cash Flows		49
Sewer Fund:		
Balance Sheet		50
Statement or Revenues, Expenses and Changes in Retained Earnings		51
Statement of Cash Flows		52
Water Fund:		
Balance Sheet		53
Statement of Revenues, Expenses and Changes in Retained Earnings		54
Statement of Cash Flows		55

TABLE OF CONTENTS (CONTINUED)

Fiduciary Funds:

Combining Balance Sheets	56
--------------------------	----

Current Tax Collection Fund:

Balance Sheet	57
---------------	----

Statement of Cash Receipts and Disbursements	58
--	----

General Fixed Asset Account Group:

Schedule of Changes in General Fixed Assets	59
---	----

General Long-Term Debt Account Group:

Schedule of Changes in General Long-Term Debt	60
---	----

Loans Payable – Fire Truck	61
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INDEPENDENT AUDITOR'S REPORT

**Caledonia Charter Township
Members of the Township Board
Shiawassee County, Michigan**

We have audited the accompanying general-purpose financial statements of Caledonia Charter Township, Shiawassee County, Michigan, as of and for the year ended December 31, 2006. These general-purpose financial statements are the responsibility of the Township of Caledonia's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We have conducted our audit in accordance with auditing standards accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The municipality has elected not to comply with the provisions of Governmental Accounting Standards Board Statement #34. The basic financial statements were prepared on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. GASB 34 requires management's discussion and analysis which also has not been presented.

In our opinion, except for the non-application of GASB 34, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Caledonia Charter Township as of December 31, 2006 and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Caledonia Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of June 26, 2007.

Dornia and Leongherty PC

Certified Public Accountants

Owosso, Michigan
June 26, 2007

CALEDONIA CHARTER TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2006

	Government Fund Types			Proprietary Fund Types	Fiduciary Fund Type	Account Groups	Account Groups
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	Long Term Debt
ASSETS:							
Cash & Cash Equivalents \$	63,429	\$ 64,988	\$ 403	\$ 181,426	\$ 1,828	\$	
Cert. of Deposit	165,324	231,526	253,438	2,278,541			
Accounts Receivable		9,613	6,522	13,605			
Due from Other Funds	2,382	10,311					
Due from State of Michigan	51,491						
Due from Other Governmental Units							
Fixed Assets (Net of Accum. Deprec.)				54,041		1,256,679	
Amount to Be Provided							168,750
Investment in Subsidiary				4,374,699			
Total Assets	\$ 282,626	\$ 316,438	\$ 260,363	\$ 6,902,312	\$ 1,828	\$ 1,256,679	168,750
Liabilities:							
Accounts Payable	\$ 19,532	\$ 8,998	\$	\$	\$	\$	
Accrued Interest Payable		5,273					
Payroll Taxes Payable	326						
Due to Other Funds	8,998				1,615		
Due to Other Taxing Ent	6,900			0	213		
Current Portion - LTD							
Deferred Revenues	15,186	18,750					
Total Liabilities	\$ 50,942	\$ 33,021	\$ 0	\$ 0	\$ 1,828	\$ 0	0
Fund Equity							
Contributed Capital				41,485			
Investment in General Fixed Assets						1,256,679	
Loan Payable - Fire Truck							168,750
Retained Earnings				6,860,827			
Fund Balance	282,626	283,417	260,363				
Total Fund Equity	\$ 282,626	\$ 283,417	\$ 260,363	\$ 6,902,312	\$ 0	\$ 1,256,679	168,750
Total Liabilities & Fund Equity	\$ 333,568	\$ 316,438	\$ 260,363	\$ 6,902,312	\$ 1,828	\$ 1,256,679	168,750

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES.
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES
 YEAR ENDED DECEMBER 31, 2006

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			CAPITAL PROJECT FUND TYPES		
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET
REVENUES:									
Taxes	\$ 150,000	\$ 156,702	\$ (6,702)	\$	\$	\$ 0	\$	\$ 0	\$ 0
State Shared Revenues	309,516	303,462	6,054			0			
Licenses and Permits	41,300	36,128	5,172			0		0	0
Charges for Services	3,600	507	3,093		9,349	(9,349)			
Interest Income	3,000	24,077	(21,077)		34,002	(34,002)		11,602	(11,602)
Miscellaneous Other	26,600	33,338	(6,738)			0			
TOTAL REVENUES	\$ 534,016	\$ 554,214	\$ (20,198)	\$ 0	\$ 43,351	\$ (43,351)	\$ 0	\$ 11,602	\$ (11,602)
EXPENDITURES:									
Township Board Supervisor	\$ 44,940	\$ 44,193	\$ 747	\$	\$	\$	\$	\$	\$
Assessor	16,850	16,197	653						
Elections	29,700	29,062	638						
Clerk & Deputy Clerk	5,940	8,950	(3,010)						
Board of Review	19,590	19,276	314						
Treasurer & Deputy	1,960	1,956	4						
Hall, Annex & Grounds	28,310	27,242	1,068						
Other General Gov't	18,370	17,331	1,039						
Cemetery	107,195	103,370	3,825						
Building Inspector	3,670	3,229	441						
Zoning & Planning	27,800	33,034	(5,234)						0
Board of Appeals	29,600	26,716	2,884						
Public Works	1,850	1,827	23						
Fire Protection	228,217	138,910	89,307						
		0	0	0	356,951	(356,951)			
TOTAL EXPENDITURES	\$ 563,992	\$ 471,293	\$ 92,699	\$ 0	\$ 356,951	\$ (356,951)	\$ 0	\$ 0	\$ 0
REVENUES OVER (UNDER) EXPENDITURES	\$ (29,976)	\$ 82,921	\$ (112,897)	\$ 0	\$ (313,600)	\$ 313,600	\$ 0	\$ 11,602	\$ (11,602)
OTHER FINANCING SOURCES:									
Transfers In	\$ 150,000	\$	\$	\$ 100,000	\$ 93,868	\$ 6,132	\$	\$	\$
Transfers Out	(100,000)	(93,868)	(6,132)			0			0
Loan Proceeds					187,500	(187,500)			
TOTAL OTHER FINANCING SOURCES	\$ 50,000	\$ (93,868)	\$ (6,132)	\$ 100,000	\$ 281,368	\$ (181,368)	\$ 0	\$ 0	\$ 0
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 20,024	\$ (10,947)	\$ 30,971	\$ 100,000	\$ (32,232)	\$ 132,232	\$ 0	\$ 11,602	\$ (11,602)
Fund Balance - Beginning Prior Period Adjustment		242,631			324,328			248,761	
					(8,679)				
Fund Balance - End of Year		\$ 231,684			\$ 283,417			\$ 260,363	

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
REVENUES:			
Property Taxes & Assmts.	\$ 156,702	\$	\$
Trailer Taxes	256		
Charges for Services	507	9,349	
Rent Income	13,650		
Licenses & Permits	36,128		
State Shared Revenues	303,462		
Interest Income & Other	24,077	34,002	11,602
Miscellaneous	<u>19,432</u>		
TOTAL REVENUES	\$ 554,214	\$ <u>43,351</u>	\$ <u>11,602</u>
EXPENDITURES:			
Township Board	\$ 44,193	\$	\$
Supervisor	16,197		
Assessor	29,062		
Elections	8,950		
Clerk & Deputy Clerk	19,276		
Board of Review	1,956		
Treasurer & Deputy Treas.	27,242		
Hall, Annex & Grounds	17,331		
Other General Gov't.	103,370		
Cemetery	3,229		
Building Inspector	33,034		
Zoning/Planning	26,716		
Board of Appeals	1,827		
Public Works	138,910		
Fire		<u>356,951</u>	
TOTAL EXPENDITURES	\$ <u>471,293</u>	\$ <u>356,951</u>	\$ <u> </u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 82,921	\$(313,600)	\$ 11,602

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
OTHER SOURCES (USES) OF FUNDS:			
Transfers In	\$	\$ 93,868	\$
Transfers Out	(93,868)		
Loan Proceeds	<u> </u>	<u>187,500</u>	<u> </u>
TOTAL OTHER SOURCES (USES)	\$ (93,868)	\$ 281,368	\$
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER SOURCES (USES) OF FUNDS	\$ (10,947)	\$ (32,232)	\$ 11,602
Fund Balance January 1,	242,631	324,328	248,761
Prior Period Adjustment	<u> </u>	<u>(8,679)</u>	<u> </u>
FUND BALANCE DECEMBER 31,	\$ <u>231,684</u>	\$ <u>283,417</u>	\$ <u>260,363</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2006**

REVENUES:	
Charges for Services	\$ 143,363
Hookups	19,300
Other Income	<u>105</u>
TOTAL REVENUES	\$ 162,768
OPERATING EXPENSES:	
Operation of Plant	\$ 165,499
Replacement	6,591
Depreciation Expense	11,286
Miscellaneous Expense	<u>201</u>
TOTAL OPERATING EXPENSES	\$ <u>183,577</u>
TOTAL OPERATING INCOME (LOSS)	\$ (20,809)
NON-OPERATING REVENUES:	
Interest Income	\$ <u>94,877</u>
TOTAL NON-OPERATING REVENUES	\$ 94,877
INCOME BEFORE OPERATING TRANSFERS:	
Transfers In	\$ 581,307
Transfers Out	<u>(581,307)</u>
TOTAL TRANSFERS	\$
NET INCOME	\$ 74,068
Retained Earnings	\$ 6,840,059
Decrease in Value of Subsidiary During the Year	<u>(53,300)</u>
RETAINED EARNINGS	\$ <u>6,860,827</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$ 74,068
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:	
Depreciation	11,286
Decrease in Accounts Receivable	109
(Increase) Accrued Interest Receivable	(13,190)
(Decrease) in Due to Other Entities	(720)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ 71,553</u>

NET CASH PROVIDED (USED) INVESTING ACTIVITIES:

Investment in Water Lines	\$ (40,239)
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Cash and Cash Equivalents January 1, 2006	<u>2,428,653</u>
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CASH AND CASH EQUIVALENTS DECEMBER 31, 2006	<u>\$2,459,967</u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid During the Year for:
Interest

\$ 0

DISCLOSURE OF ACCOUNTING POLICY:

For the purpose of the Statement of Cash Flows, the company considers all highly debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2006**

	<u>Balance</u> <u>12-31-05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12-31-06</u>
<u>CURRENT TAX COLLECTION FUND</u>				
ASSETS:				
Cash	\$ <u>32</u>	\$ <u>4,237,653</u>	\$ <u>4,236,909</u>	\$ <u>776</u>
LIABILITIES:				
Due to Other Funds	\$ 2	\$ 152,850	\$ 152,086	\$ 766
Due to Other Taxing Entities	30	4,076,325	4,076,345	10
Due to Others	<u>32</u>	<u>8,478</u>	<u>8,478</u>	<u>776</u>
	\$ <u>32</u>	\$ <u>4,237,653</u>	\$ <u>4,236,909</u>	\$ <u>776</u>

TRUST AND AGENCY FUND

ASSETS:				
Cash	\$ 1,827	\$ 14,605	\$ 14,604	\$ 1,828
Due from Other Funds	<u>133</u>	<u>133</u>	<u>133</u>	<u>133</u>
	\$ <u>1,960</u>	\$ <u>14,605</u>	\$ <u>14,737</u>	\$ <u>1,828</u>
LIABILITIES:				
Cash	\$ 1,747	\$ 11,153	\$ 11,285	\$ 1,615
Due from Other Funds	<u>213</u>	<u>3,452</u>	<u>3,452</u>	<u>213</u>
	\$ <u>1,960</u>	\$ <u>14,605</u>	\$ <u>14,737</u>	\$ <u>1,828</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006**

	<u>Balance 12-31-05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-06</u>
<u>COMBINED AMOUNTS</u>				
ASSETS:				
Cash	\$ 1,859	\$4,252,258	\$4,251,513	\$ 2,604
Due from Other Funds	<u>133</u>		<u>133</u>	
	<u>\$ 1,992</u>	<u>\$4,252,258</u>	<u>\$4,251,646</u>	<u>\$ 2,604</u>
LIABILITIES:				
Due to Other Funds	\$ 1,749	\$ 164,003	\$ 163,371	\$ 2,381
Due to Other Taxing Entities	<u>243</u>	<u>4,088,255</u>	<u>4,088,275</u>	<u>223</u>
	<u>\$ 1,992</u>	<u>\$4,252,258</u>	<u>\$4,251,646</u>	<u>\$ 2,604</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE A – DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND ACCOUNT GROUPS

The Township of Caledonia, Shiawassee County, Michigan was originally organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township operates under an elected Township Board which currently consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, fire protection and sewer utility services.

REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of the Caledonia Charter Township (primary government), and its component unit (Corunna-Caledonia Fire Board). Blended component units, although legally separate entities, are, in substance, part of the governments operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government. All component units of the Caledonia Charter Township are blended in the Township's audit and are not audited separately.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters consider the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also give to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the general purpose financial statements of the Caledonia Charter Township contain all the funds and account groups controlled by the Township Board.

**CALEDONIA CHARTER TOWNSHIP
NOTE TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

**NOTE A – DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND
ACCOUNT GROUPS (CONTINUED)**

BLENDED COMPONENT UNIT

Corunna-Caledonia Fire Department – Caledonia Charter Township, in conjunction with the City of Corunna, has entered into an agreement that created the Corunna-Caledonia Fire Department. The Fire Department is governed by a five (5) member board. The Township and the City each appoint two individuals to the governing board. The appointed board members select an additional individual to serve on the Board as an at-large member. The Board's majority alternatives between the Township and the City every four years based on the appointment of the at-large member.

Based on the agreement creating the Fire Department, the Township is responsible for 50% of the annual expenditures of the Department, while the City of Corunna's share is also 50%. The City of Corunna acts as the fiscal agent to the Fire Department and is reimbursed by the Township from the Special Revenue Fire Fund for the Township's share of operating expenditures. The Special Revenue Fire Capital Acquisition Fund accounts for the Township's share of revenue generated from fire runs and the Township's portion of the repayment of loan proceeds borrowed to finance the acquisition of a fire truck.

Joint Ventures

The Township participates in the following activities, which are considered to be joint ventures in relation to the Township, due to there being ongoing financial interest or responsibility.

Owosso Township-Caledonia Township Utility Authority – The Caledonia Charter Township is a member of the Owosso Township-Caledonia Township Utility Authority (Authority). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system and future water supply system for the benefit of the constituent municipalities. The wastewater treatment plant operated by the City of Owosso treats the sewage collected by the Township's sewage disposal system.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The Caledonia Charter Township currently represented by three (3) of the six (6) members of the Authority Board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a majority vote of the members-elect of the Authority.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE A – DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS (CONTINUED)

Joint Ventures (Continued)

The members of the Authority and percentage of responsibility are as follows:

Caledonia Charter Township	50 %
Township of Owosso	50 %

For the year ended December 31, 2006, the Caledonia Charter Township contributed \$172,090 to cover its share of operational costs and reserve activities.

An investment in the Authority is recorded to reflect the current carrying value at December 31, 2006, of the cumulative effect of the Authority's operations relating to the Township equity share in the joint venture from inception-to-date. The Caledonia Charter Township records their portion of the initial cost of construction of the Authority facilities as fixed assets in the Sewer and Water System (Enterprise) Funds.

The Authority bills and collects charges for sewer services on behalf of the Township. Of the total collected from Township residents, 60% is remitted to the Township and is recorded as charges for services in the financial statements. The Township uses their portion to the revenues generated from sewer charges to pay for treatment by the City of Owosso. Payments to the City of Owosso include quarterly capital charges, semi-annual debt service charges, Industrial Cost Recovery charges, and operation and maintenance charges based on the flow of sewage from the Township.

Owosso Community Airport Board – The City of Corunna along with the City of Owosso, Shiawassee County, and Owosso and Caledonia Charter Townships have entered into an agreement which created the Owosso Community Airport Board. The Airport Board is composed of one (1) member from each of the member municipalities. The airport has been reported as a fund in the financial statements of Shiawassee County. Each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, Owosso and Caledonia Charter Townships 13% and the City of Corunna 8%. The Township contributed \$3,046 to the Board for the year ended December 31, 2006.

Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to their being no ongoing financial interest or responsibility.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE A – DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

Corunna Area Ambulance Service, Inc. – The City of Corunna along with the Townships of New Haven and Caledonia have entered into a service agreement with Corunna Area Ambulance Service, Inc., a Michigan non-profit corporation. The Corporation's board is composed of seven (7) members appointed by the corporation and two each from the City of Corunna and Caledonia Charter Township are elected, and one from the City of Corunna. Caledonia Charter Township, and New Haven Township are appointed. The Township is responsible to pay a per dwelling or equivalent until charge for all dwellings within the Township which is assessed to all residents on their tax bills. The Township paid \$50,150 in per dwelling charges to Corunna Area Ambulance Service, Inc., for the year ended December 31, 2006.

Corunna-Caledonia Fire Department – The City of Corunna, in conjunction with Caledonia Charter Township, has entered into an agreement that created the Corunna-Caledonia Fire Department. The Fire Department is governed by a five (5) member board. The City and the Township each appoint two individuals to the governing board. The appointed board members select an additional individual to serve on the Board as an at-large member. The Board's majority alternates between the City and the Township every four years based on the appointment of the at-large member.

Based on the agreement creating the Fire Department, the Township and the City are each responsible for 50% of the annual expenditures of the Department. The City of Corunna acts as the fiscal agent to the Fire Department and is reimbursed by the Township for the Township's share of operating expenditures.

Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped in the financial statements in this report into three (3) fund types and two (2) account groups as follows:

GOVERNMENTAL FUNDS

- a. **General Fund** – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE A – DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUPS (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

- b. **Special Revenue Funds (Fire, Capital Acquisition and Cemetery)** – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- c. **Capital Projects Fund (Revolving Improvement)** – The Capital Fund is used to account for the financial resources to be used for the acquisition or construction of major Capital Projects (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

- a. **Enterprise Funds (Sewer System, Water System)** – The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUND

- a. **Agency Funds (Current Tax Collections, Trust and Agency)** – The Agency Funds are used to account for assets held by the Township in a trustee capacity as an agent for individuals, other organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

- a. **General Fixed Assets Account Group** – The General Fixed Assets Groups is used to maintain control and cost information for all fixed assets of the Township other than those accounted for in the Proprietary Funds.
- b. **General Long-Term Debt Account Group** – The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded In the Proprietary Funds.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE B – SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to Townships. The following is a summary of the more significant accounting policies:

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance sheet, operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current and long-term assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

There is no measurement focus for the agency fund since assets equal liabilities.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenue and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown in the financial statements were presented when prepared on a basis not substantially different than the basis used to reflect actual results.

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to January 1, the budget is legally adopted on a department (activity) level for the General Fund and the total expenditure level for the Special revenue Funds through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31, are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original Appropriations which are adopted.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, money market accounts and certificates of deposit. The cash and cash equivalents are recorded at cost, which approximates market value. Cash equivalents consist of certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax

The Caledonia Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The Township's property tax is levied each December 1, on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2006 tax is levied and collectible on December 1, 2006, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow measurement focus resources". This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group rather than in the governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Groups, not in the governmental funds.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Long-Term Liabilities (Continued)

Fixed assets are recorded at cost, or if donated, at fair market value at the date of donation. Expenditures which materially extend the useful life of existing assets are capitalized. Public domain (infrastructure) general fixed assets which include roads, bridges, curbs and gutters, sidewalks, and drains are not capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation is computed on the straight-line method over the estimated useful, lives of the related assets.

The estimated useful lives are:

Sewer System/Line/Pump Stations	20-25 years
Water Mains	30 years

Comparative Data

The prior year was a nine month fiscal year. Comparative data for the prior year has not been presented in the accompanying financial statements to the change in fiscal year end at December 31, 2002. The inclusion of comparative data would make the statement unduly complex and difficult to read.

Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Compensated Absences

The Township does not compensate employees for vacation time, sick time or any other absences.

Post-Retirement Health Care Benefits

The Township does not provide post-retirement health care benefits.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting-under which purchase orders, contracts and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental fund types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no significant encumbrances at year end.

Fund Equity

Contributed capital is recorded in proprietary funds that have received contributions from developers, customers, or other funds.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses, initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund as reduction of expenditures/expense in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a Bonds, securities and other obligations of the United States or any agency or instrumentality of the United States.**
- b Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United State government and which maintains a principal office or branch office located in this state under the laws of this state or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the state under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.**
- c Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.**
- d The United State government or federal agency obligations repurchase agreements.**
- e Bankers acceptances of United States banks.**
- f Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.**

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

As of December 31, 2006, the carrying amounts and the bank balances for each type of bank accounts are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking	\$ 756,725	\$1,335,462
Savings	123,040	123,040
Certificates of Deposit	<u>2,312,323</u>	<u>2,312,323</u>
	<u>\$3,192,088</u>	<u>\$3,770,825</u>

Cash and cash equivalents caption on the combined balance sheet include \$100 in imprest cash.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2006, the Township accounts were insured by the FDIC for \$724,746 and the amount of \$2,467,342 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year end.

NOTE D – INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at December 31, 2006, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 2,382	General	\$ 8,998
		Trust & Agency	1,615
Fire	<u>8,998</u>	Tax	<u>767</u>
	<u>\$11,380</u>		<u>\$11,380</u>

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE E – FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 12-31-05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-06</u>
Land	\$ 184,500	\$	\$	\$ 184,500
Buildings	314,444			314,444
Mach. & Equip.	266,595	13,382		279,977
Vehicles	280,258	197,500		477,758
	<u>\$1,045,797</u>	<u>\$210,882</u>	<u>\$ 0</u>	<u>\$1,256,679</u>

The 2006 additions were as a result of the Corunna-Caledonia Fire Agreement dated January 1, 2003 were \$209,376.

A summary of Proprietary Fund Type fixed asset at December 31, 2006, follows:

	<u>Enterprise</u>
Water Mains	\$ 244,375
Wastewater Treatment Plant	<u>513,450</u>
TOTAL	\$ 757,825
Less: Accumulated Depreciation	<u>(703,784)</u>
 NET FIXED ASSETS	 \$ <u>54,041</u>

The amount recorded as Wastewater Treatment Plant represents the Township's 16.3% interest in the plant that provides services to the City of Owosso, Owosso, Township, the City of Corunna and Caledonia Charter Township. The Township's interest in the plant is being depreciated over 0-25 years. The depreciation expense related to the plant for the year ended December 31, 2006 is \$4,482. Accumulated depreciation related to the plant as of December 31, 2006 is \$513,450.

Total depreciation expense of the Township for the year ended December 31, 2006 is \$11,286.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE F – RISK MANAGEMENT

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

The Township also maintains commercial insurance coverage for workers' compensation.

NOTE G– INVESTMENT IN SUBSIDIARY

Caledonia Charter Township entered into a joint venture with Owosso Charter Township for the creation of an Utility Authority. Caledonia Charter Township owns 50% of the authority's equity, N.C.G.A. Statement 7, requires that this investment be shown on Caledonia Charter Township's financial records (Sewer Fund – an Enterprise Fund), using the equity method of accounting. The Utility Authority has 6 board members. Each township appoints 3 individuals to the board. The Utility Board budgets and finances are governed entirely by this 6 person board. Following is a summary of the Utility Authority (all amounts shown are as of December 31, 2006, the year end of the Utility Authority):

1. Total Assets – Utility Authority	<u>\$8,751,892</u>
Total Liabilities – Utility Authority	<u>\$ 2,494</u>
Total Equity – Utility Authority –	
Contributed Capital	\$8,384,164
Retained Earnings	<u>365,234</u>
	<u>\$8,749,398</u>
2. Total Revenues – Utility Authority	\$ 530,528
Total Expenditures – General Fund	637,127
(Depreciation on Assets Acquired by Grants)	<u>(171,126)</u>
	<u>\$ 466,001</u>
Increase in Fund Balance	<u>\$ 64,527</u>

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE G – INVESTMENT IN SUBSIDIARY (CONTINUED)

3. Caledonia Charter Township is responsible for 50% of all liabilities.
The assets ownership corresponds to the above liability percentages.

The Caledonia Charter Township's share of the Utility Authority is as follows:

Assets	\$4,375,946
Liabilities	1,247
Equity	4,374,699
Change in Equity	32,263

All income of the Sewer Fund comes from the Utility Authority (shown as an expense of the Utility Authority).

NOTE H – SEGMENT INFORMATION

The Township maintains two Enterprise Funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended December 31, is presented below:

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues	\$ 162,768	\$	\$ 162,768
Operating Expenses	172,090	201	172,291
Depreciation Expense	4,482	6,804	11,286
Operating Income (Loss)	(13,804)	(7,005)	(20,809)
Net Income (Loss)	(506,642)	581,307	74,665
Net Working Capital	1,806,894	666,678	2,473,572
Total Assets	6,181,593	720,719	6,902,312
Total Equity	6,181,593	720,719	6,902,312

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE I – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the body of the general purpose financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Fund.

During the period ended December 31, 2006, the Township incurred expenditures in excess of the amounts appropriated as follows:

	<u>Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund:			
Elections:			
Elections Inspectors	\$ 2,500	\$ 5,471	\$ 2,971
Supplies	3,440	3,479	39
 Clerk & Deputy Clerk:			
Salaries	15,200	15,417	217
 Assessor:			
Software	1,000	3,085	2,085
 Township Board:			
Publishing	500	1,407	907
Insurance	13,000	13,884	884
Supplies	1,500	3,154	1,654
Other Expense	1,700	6,030	4,330
 Other General Government:			
Street Lights	20,000	25,353	5,353
Ambulance	50,000	50,150	150
Recreation/Tourism	2,200	4,050	1,850
 Treasurer/Deputy Treasurer:			
Salaries	19,000	19,205	205
FICA Tax	1,410	1,469	59
Software/Hardware	2,000	3,660	1,660

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE I – EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)

	<u>Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Hall, Annex & Grounds:			
Salaries	7,000	8,788	1,788
FICA Tax	520	672	152
Utilities	4,950	5,173	223
Zoning & Planning Commission:			
Publishing	500	1,014	514
Board of Appeals:			
Salaries	1,500	1,660	160
Public Works:			
Weeds	500	1,040	540
Board of Review:			
Salaries	1,200	1,660	460
Building Inspector:			
Contracted Services	27,300	31,909	4,909
Supplies	300	465	165
Software	500	660	160

NOTE J – FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the township has set aside for specific purposes.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE J – FUND EQUITY RESERVES AND DESIGNATIONS (CONTINUED)

The following is a fund balance reserve as of December 31, 2006:

Special Revenue	
Fire Capital Acquisition	
Reserved for Capital Acquisition	
and Improvements	<u>\$ 45,878</u>

The following is a fund balance designation as of December 31, 2006:

Capital Projects	
Revolving Improvement	
Designated for Capital Improvements	<u>\$260,363</u>

NOTE K – PRIOR PERIOD ADJUSTMENTS

The Fire Protection Agreement between the City of Corunna and Caledonia Charter Township states that the City and Township will jointly own all equipment and vehicles purchased after December 31, 2002. All other cash assets are also jointly owned.

At December 31, 2005 the calculation allocating the Township's share of funds and equipment was determined using the percentages in effect prior to the current agreement. This resulted in an overstatement on the Township's books.

For the year ended December 31, 2006, this overstatement was corrected with an adjustment to fund balance in the Fire Capital Acquisition Fund of \$8,679.

**CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE L – FIRE TRUCK LOAN

During the fiscal year ended December 31, 2006, the City of Corunna and Caledonia Charter Township entered into an agreement with a local financial institution to borrow \$375,000 for a period of ten years payable annually at a rate of 4.50%. The loan proceeds were used to purchase a fire truck for the Corunna-Caledonia Fire board of which the Township and City share equally. The Township is responsible for 50% of the principal and interest. The Township's share of the annual payments due is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 18,750	\$ 8,437	\$ 27,187
2008	18,750	7,594	26,344
2009	18,750	6,750	25,500
2010	18,750	5,906	24,656
2011	18,750	5,062	23,812
Beyond	<u>93,750</u>	<u>12,657</u>	<u>106,407</u>
	<u>\$187,500</u>	<u>\$46,406</u>	<u>\$233,906</u>

**FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

GENERAL FUND

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash – Checking	\$ 63,429	\$ 40,212
Cash – Savings & Certificates	165,324	196,242
Due from Other Funds	2,382	1,615
Due from State of Michigan	<u>51,491</u>	<u>51,425</u>
	<u>\$282,626</u>	<u>\$289,494</u>
 LIABILITIES:		
Accounts Payable	\$ 19,532	\$ 35,415
Due to Other Funds	8,998	11,448
Due to Other Entities	6,900	
Payroll Taxes Payable	326	
Deferred Revenues	<u>15,186</u>	
TOTAL LIABILITIES	<u>\$ 50,942</u>	<u>\$ 46,863</u>
 GENERAL FUND BALANCE	 <u>231,684</u>	 <u>242,631</u>
 TOTAL LIABILITIES AND GENERAL FUND BALANCE	 <u>\$282,626</u>	 <u>\$289,494</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2006 AND 2005**

GENERAL FUND

	<u>2006</u>		<u>2005</u>	
	<u>Budget</u>	<u>Actual</u>	Budget (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Property Taxes &				
Assessments	\$ 150,000	\$ 156,702	\$ (6,702)	\$150,772
Trailer Taxes	500	256	244	256
Charges for Services	3,600	507	3,093	2,716
Rent Income	10,600	13,650	(3,050)	11,275
Licenses & Permits	41,300	36,128	5,172	69,572
State Shared Revenues	309,516	303,462	6,054	302,297
Interest Income	3,000	24,077	(21,077)	6,546
Miscellaneous	<u>15,500</u>	<u>19,432</u>	<u>(3,932)</u>	<u>20,646</u>
TOTAL REVENUES	\$ 534,016	\$ 554,214	\$(20,198)	\$ 564,080
EXPENDITURES:				
Township Board:				
Salaries	\$ 15,540	\$ 12,848	\$ 2,692	\$ 14,120
FICA Tax	1,500	989	511	1,094
Supplies	1,500	3,154	(1,654)	1,365
Dues	4,200	3,581	619	4,085
Attorney	7,000	2,300	4,700	5,649
Publishing	500	1,407	(907)	293
Insurance	13,000	13,884	(884)	11,920
Other	<u>1,700</u>	<u>6,030</u>	<u>(4,330)</u>	<u>1,582</u>
TOTAL TWP. BOARD	\$ 44,940	\$ 44,193	\$ 747	\$ 40,108
Supervisor:				
Salaries	\$ 15,000	\$ 15,000	\$	\$ 15,000
FICA Tax	1,150	1,148	2	1,148
Supplies	100	39	61	52
Insurance	400		400	400
Education	<u>200</u>	<u>10</u>	<u>190</u>	
TOTAL SUPERVISOR	\$ 16,850	\$ 16,197	\$ 653	\$ 16,600

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2006 AND 2005**

GENERAL FUND

		<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
EXPENDITURES:				
Assessor:				
Contractual Services	\$ 27,000	\$ 24,600	\$ 2,400	\$ 24,400
Supplies	1,700	1,377	323	1,440
Software	<u>1,000</u>	<u>3,085</u>	<u>(2,085)</u>	<u>1,190</u>
TOTAL AASSESSOR	\$ 29,700	\$ 29,062	\$ 638	\$ 27,030
Elections:				
Election Inspection	\$ 2,500	\$ 5,471	\$(2,971)	\$
Supplies/Misc.	<u>3,440</u>	<u>3,479</u>	<u>(39)</u>	<u>407</u>
TOTAL ELECTIONS	\$ 5,940	\$ 8,950	\$ (3,010)	\$ 407
Clerk/Deputy Clerk:				
Salaries	\$ 15,200	\$ 15,417	\$ (217)	\$ 15,168
FICA Tax	1,190	1,179	11	1,160
Supplies/Misc.	400	363	37	79
Insurance	300	127	173	300
Software	<u>2,500</u>	<u>2,190</u>	<u>310</u>	<u>2,490</u>
TOTAL CLERK	\$ 19,590	\$ 19,276	\$ 314	\$ 19,197
Board of Review:				
Salaries	\$ 1,200	\$ 1,660	\$ (460)	\$ 880
FICA Tax	140	84	56	86
Publishing Supplies	<u>620</u>	<u>212</u>	<u>408</u>	<u>372</u>
TOTAL BOARD OF REVIEW	\$ 1,960	\$ 1,956	\$ 4	\$ 1,338
Treasurer/Deputy Treas:				
Salaries	\$ 19,000	\$ 19,205	\$ (205)	\$ 19,455
FICA Tax	1,410	1,469	(59)	1,488
Software/Hardware	2,000	3,660	(1,660)	835
Postage	4,500	2,760	1,740	4,324
Supplies	1,200	148	1,052	1,376
Education	<u>200</u>	<u></u>	<u>200</u>	<u>70</u>
TOTAL TREASURER	\$ 28,310	\$ 27,242	\$ 1,068	\$ 27,548

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2006 AND 2005**

GENERAL FUND

		<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
EXPENDITURES:				
Hall, Annex & Grounds:				
Salaries	\$ 7,000	\$ 8,788	\$ (1,788)	\$ 8,475
FICA Tax	520	672	(152)	648
Supplies	500	297	203	590
Utilities	4,950	5,173	(223)	4,084
Insurance	400		400	400
Repairs & Maint.	<u>5,000</u>	<u>2,401</u>	<u>2,599</u>	<u>10,027</u>
TOTAL HALL & GROUNDS	\$ 18,370	\$ 17,331	\$ 1,039	\$ 24,224
Other General Gov't:				
Audit	\$ 8,000	\$ 7,725	\$ 275	\$ 7,360
Airport	3,200	2,894	306	3,046
Ambulance	50,000	50,150	(150)	48,618
Street Lights	20,000	25,353	(5,353)	21,803
Telephone/Cable	3,800	3,582	218	3,702
Fire Hydrant	4,700		4,700	4,606
SATA	7,795	5,189	2,606	
Software/Hardware	3,000		3,000	2,770
Recreation/Tourism	2,200	4,050	(1,850)	2,200
Drug Enforcement	<u>4,500</u>	<u>4,427</u>	<u>73</u>	<u>4,427</u>
TOTAL OTHER GENERAL GOV'T	\$ 107,195	\$103,370	\$ 3,825	\$ 98,532
Cemetery:				
Salaries	\$ 3,000	\$ 3,000	\$	\$ 3,000
FICA Tax	270	229	41	229
Supplies/Other	100		100	
Insurance	<u>300</u>		<u>300</u>	<u>300</u>
TOTAL CEMETERY	\$ 3,670	\$ 3,229	\$ 441	\$ 3,529

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEARS ENDED DECEMBER 31, 2006 AND 2005**

GENERAL FUND

	<u>2006</u>		<u>2005</u>	
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
EXPENDITURES:				
Bldg. Inspector:				
Cont. Serv/Meetings	\$ 27,000	\$ 31,909	\$ (4,909)	\$ 33,558
Supplies/Misc.	300	465	(165)	87
Software	<u>500</u>	<u>660</u>	<u>(160)</u>	<u>1,785</u>
TOTAL BUILDING INSPECTOR	\$ 27,800	\$ 33,034	\$ (5,234)	\$ 35,430
Zoning/Planning Comm:				
Salaries	\$ 3,500	\$ 2,080	\$ 1,420	\$ 2,600
FICA Tax	500	159	341	199
Supplies	100		100	
Publishing	500	1,014	(514)	781
Contractual Serv.	<u>25,000</u>	<u>23,463</u>	<u>1,537</u>	<u>28,149</u>
TOTAL PLANNING COMMISSION	\$ 29,600	\$ 26,716	\$ 2,884	\$ 31,729
Board of Appeals:				
Salaries	\$ 1,500	\$ 1,660	\$ (160)	\$ 1,600
FICA Tax	150	127	23	122
Publishing	<u>200</u>	<u>40</u>	<u>160</u>	<u>167</u>
TOTAL BOARD OF APPEALS	\$ 1,850	\$ 1,827	\$ 23	\$ 1,889
Public Works:				
Sewer	\$ 217	\$	\$ 217	\$ 258
Water	30,000	22,899	7,101	5,806
Drains	17,500	13,649	3,851	2,956
Roads	180,000	101,322	78,678	79,312
Weeds	<u>500</u>	<u>1,040</u>	<u>(540)</u>	<u></u>
TOTAL PUBLIC WORKS	\$ 228,217	\$138,910	\$ 89,307	\$ 88,332

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEARS ENDED DECEMBER 31, 2006 AND 2005**

GENERAL FUND

	<u>2006</u>		<u>2005</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>	<u>Actual</u>
TOTAL EXPEND.	\$ <u>563,992</u>	\$ <u>471,293</u>	\$ <u>92,699</u>	\$ <u>415,893</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (29,976)	\$ 82,921	\$ (112,897)	\$ 148,187
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	\$ 150,000	\$	\$ 150,000	\$
Transfer Out	<u>(100,000)</u>	<u>(93,868)</u>	<u>(6,132)</u>	<u>(100,015)</u>
TOTAL OTHER SOURCES (USES) OF FUNDS	\$ 50,000	\$ (93,868)	\$ 143,868	\$ (100,015)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	\$ <u>20,024</u>	\$ (10,947)	\$ <u>30,971</u>	\$ 48,172
Fund Balance January 1,		<u>242,631</u>		<u>194,459</u>
FUND BALANCE DECEMBER 31,		\$ <u>231,684</u>		\$ <u>242,631</u>

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUNDS

FIRE FUND

Fire Fund is used to account for fees received and monies disbursed for Township fire protection.

FIRE CAPITAL ACQUISITION FUND

Fire Capital Acquisition Fund is used to account for the Township's portion of fees received and monies disbursed for fire capital acquisition and improvements.

CEMETERY FUND

Cemetery Fund is used to account for monies received and disbursed for the maintenance of the Township's cemetery.

**CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

	<u>2006</u>			<u>2005</u>	
	<u>Fire</u>	<u>Fire Capital Acquisition</u>	<u>Cemetery</u>	<u>Totals</u>	<u>Totals</u>
ASSETS:					
Cash-Checking	\$ 26,028	\$ 29,390	\$ 9,570	\$ 64,988	\$ 15,574
Savings & CD's	197,736	33,790		231,526	300,889
Accounts Receivable	4,205	5,408		9,613	7,865
Due from Other Funds	<u>8,998</u>	<u>1,313</u>		<u>10,311</u>	<u>11,448</u>
	<u>\$ 236,967</u>	<u>\$ 69,901</u>	<u>\$ 9,570</u>	<u>\$316,438</u>	<u>\$ 335,776</u>
LIABILITIES:					
Accounts Payable	\$ 8,998	\$	\$	\$ 8,998	\$ 11,448
Accrued Interest		5,273		5,273	
Current Portion-Ltd		<u>18,750</u>		<u>18,750</u>	
TOTAL LIABILITIES	<u>\$ 8,998</u>	<u>\$ 24,023</u>	<u>\$</u>	<u>\$ 33,021</u>	<u>\$ 11,448</u>
FUND BALANCE:					
Fund Balance	<u>\$ 227,969</u>	<u>\$ 45,878</u>	<u>\$ 9,570</u>	<u>\$283,417</u>	<u>\$ 324,328</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 236,967</u>	<u>\$ 69,901</u>	<u>\$ 9,570</u>	<u>\$316,438</u>	<u>\$ 335,776</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>				<u>2005</u>
	<u>Fire</u>	<u>Fire Capital Acquisition</u>	<u>Cemetery</u>	<u>Totals</u>	<u>Totals</u>
REVENUES:					
Charges for Serv.	\$	\$ 9,349	\$	\$ 9,349	\$ 15,943
Int. & Income & Other	<u>6,357</u>	<u>27,031</u>	<u>614</u>	<u>34,002</u>	<u>27,395</u>
TOTAL REVENUES	\$ 6,357	\$ 36,380	\$ 614	\$ 43,351	\$ 43,338
EXPENDITURES:					
City of Corunna	\$ 117,744	\$	\$	\$ 117,744	\$ 100,024
Principal Payment		18,750		18,750	
Interest Expense		5,273		5,273	
Equipment		212,377		212,377	
Other Fire Expenses		<u>2,807</u>		<u>2,807</u>	<u>6,053</u>
TOTAL EXPEND.	\$ <u>117,744</u>	\$ <u>239,207</u>	\$ <u> </u>	\$ <u>356,951</u>	\$ <u>106,077</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	\$(111,387)	\$(202,827)	\$ 614	\$(313,600)	\$ (62,739)
OTHER SOURCES (USES):					
Transfers In	\$ 93,868	\$	\$	\$ 98,368	\$ 100,015
Loan Proceeds	<u> </u>	<u>187,500</u>	<u> </u>	<u>187,500</u>	<u> </u>
TOTAL OTHER SOURCES (USES) OF FUNDS	\$ 93,868	\$ 187,500	\$	\$ 281,368	\$ 100,015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS					
	\$ (17,519)	\$ (15,327)	\$ 614	\$ (32,232)	\$ 37,276
Fund Balance January 1,	245,488	69,884	8,956	324,328	287,052
Prior Period Adjustments	<u> </u>	<u>(8,679)</u>	<u> </u>	<u>(8,679)</u>	<u> </u>
FUND BALANCE DECEMBER 31,	\$ <u>227,969</u>	\$ <u>45,878</u>	\$ <u>9,570</u>	\$ <u>283,417</u>	\$ <u>324,328</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005 AND 2006**

FIRE FUND

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash in Bank	\$ 26,028	\$ 1,087
Cash – Savings & Certificates	197,736	243,496
Due from General	8,998	11,448
Accrued Interest Receivable	<u>4,205</u>	<u>905</u>
	<u>\$236,967</u>	<u>\$256,936</u>
 LIABILITIES:		
Accounts Payable	\$ 8,998	\$ 11,448
 FIRE FUND BALANCE	 <u>227,969</u>	 <u>245,488</u>
 TOTAL LIABILITIES AND FIRE FUND BALANCE	 <u>\$236,967</u>	 <u>\$256,936</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2006 AND 2005**

FIRE FUND				
		<u>2006</u>		<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Charges for Serv. Rendered:				
Interest Earned	\$ _____	\$ <u>6,357</u>	\$ <u>(6,357)</u>	\$ <u>3,476</u>
TOTAL REVENUES	\$ _____	\$ <u>6,357</u>	\$ <u>(6,357)</u>	\$ <u>3,476</u>
 EXPENDITURES:				
City of Corunna	\$ _____	\$ <u>117,744</u>	\$ <u>(117,744)</u>	\$ <u>100,024</u>
TOTAL EXPEND.	\$ _____	\$ <u>117,744</u>	\$ <u>(117,744)</u>	\$ <u>100,024</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	\$ _____	\$ <u>(111,387)</u>	\$ <u>111,387</u>	\$ <u>(96,548)</u>
 OTHER SOURCES (USES) OF FUNDS:				
Transfers In	<u>100,000</u>	<u>93,868</u>	<u>6,132</u>	<u>100,015</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS				
	<u>\$100,000</u>	\$ <u>(17,519)</u>	\$ <u>117,519</u>	\$ <u>3,467</u>
Fund Balance January 1,		<u>245,488</u>		<u>242,021</u>
FUND BALANCE DECEMBER 31,		\$ <u>227,969</u>		\$ <u>245,488</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

FIRE CAPITAL ACQUISITION FUND

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash – Checking	\$29,390	\$ 5,531
Cash – Savings & Certificates	33,790	57,393
Accounts Receivable	5,170	6,960
Accrued Interest Receivable	238	
Due from Township	<u>1,313</u>	
	<u>\$ 69,901</u>	<u>\$ 69,884</u>
 LIABILITIES:		
Accrued Interest Payable	\$ 5,273	\$
Current Portion Long-Term Debt	<u>18,750</u>	<u> </u>
TOTAL LIABILITIES	\$24,023	\$
 FUND BALANCE	 <u>45,878</u>	 <u>69,884</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$69,901</u>	 <u>\$ 69,884</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2006 AND 2005**

FIRE CAPITAL ACQUISITION FUND

	<u>2006</u>		<u>2005</u>	
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Charges for Services	\$	\$ 9,349	\$ (9,349)	\$ 15,943
Interest & Other Income	<u> </u>	<u>27,031</u>	<u>(27,031)</u>	<u>23,896</u>
TOTAL REVENUES	\$	\$ 36,380	\$ (36,380)	\$ 39,839
EXPENDITURES:				
Fire Truck Purchase	\$	\$ 197,500	\$(197,500)	\$
Fire Equipment		14,877	(14,877)	6,053
Professional Fees		1,984	(1,984)	
Office Supplies & Misc.		823	(823)	
Principal LTD		18,750	(18,750)	
Interest Expense – Ltd.	<u> </u>	<u>5,273</u>	<u>(5,273)</u>	<u> </u>
TOTAL EXPEND.	\$ <u> </u>	\$ <u>239,207</u>	\$ <u>(239,207)</u>	\$ <u>6,053</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$(202,827)	\$ 202,827	\$ 33,786
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	\$	\$	\$	\$
Loan Proceeds	<u> </u>	<u>187,500</u>	<u>(187,500)</u>	<u> </u>
TOTAL OTHER SOURCES OF FUNDS	\$	\$ 187,500	\$(187,500)	\$
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS	\$ <u> </u>	\$ (15,327)	\$ <u>(15,327)</u>	\$ 33,786
Fund Balance January 1, Prior Period Adjustment		69,884 <u>(8,679)</u>		36,098 <u> </u>
FUND BALANCE DECEMBER 31,		\$ <u>45,878</u>		\$ <u>69,884</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

CEMETERY FUND

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash	\$ <u>9,570</u>	\$ <u>8,956</u>
TOTAL ASSETS	\$ <u>9,570</u>	\$ <u>8,956</u>
CEMETERY FUND BALANCE	\$ <u>9,570</u>	\$ <u>8,956</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2006 AND 2005**

CEMETERY FUND

	<u>2006</u>			<u>2005</u>
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Interest	\$	\$ 14	\$ (14)	\$ 23
Lot Sales	\$ _____	\$ <u>600</u>	\$ <u>(600)</u>	\$ _____
TOTAL REVENUES	\$ _____	\$ 614	\$ (614)	\$ 23
 EXPENDITURES	 \$ _____	 \$ _____	 \$ _____	 \$ _____
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 \$ _____	 \$ 614	 \$ <u>(614)</u>	 \$ 23
 Fund Balance at January 1,		 <u>8,956</u>		 <u>8,933</u>
 FUND BALANCE AT DECEMBER 31,		 <u>\$9,570</u>		 <u>\$8,956</u>

The accompanying notes are an integral part of the financial statements.

CAPITAL PROJECTS FUNDS

REVOLVING AND IMPROVEMENT FUND

Revolving and Improvement Fund is used to account for money set aside by the Township Board for future improvements within the Township.

**CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

REVOLVING AND IMPROVEMENT FUND

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash – Savings	\$ 403	\$ 402
Certificate of Deposit	253,438	243,628
Accrued Interest Receivable	<u>6,522</u>	<u>4,731</u>
	<u>\$260,363</u>	<u>\$248,761</u>
 FUND BALANCE	 <u>\$260,363</u>	 <u>\$248,761</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2006**

REVOLVING AND IMPROVEMENT FUND

	<u>2006</u>		<u>2005</u>	
	<u>Budget</u>	<u>Actual</u>	Actual (Over) Under <u>Budget</u>	<u>Actual</u>
REVENUES:				
Interest Earned	\$ _____	\$ <u>11,602</u>	\$ <u>(11,602)</u>	\$ <u>10,488</u>
TOTAL REVENUES	\$ _____	\$ <u>11,602</u>	\$ <u>(11,602)</u>	\$ <u>10,488</u>
 EXPENDITURES	 \$ _____	 \$ _____	 \$ _____	 \$ _____
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 \$ _____	 \$ <u>11,602</u>	 \$ <u>(11,602)</u>	 \$ <u>10,488</u>
 Fund Balance at January 1,		 <u>248,761</u>		 <u>238,273</u>
 FUND BALANCE AT DECEMBER 31,		 <u>\$260,363</u>		 <u>\$248,761</u>

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUNDS

SEWER FUND

The Sewer Fund is used to account for sewer services to residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to; administration, operations, debt service and the waste water special assessment fund. The waste water special assessment fund is used to account for monies assessed for sewer construction and to pay bonds and interest relative to that construction.

WATER FUND

The Water Fund is used to account for water services to residents of the Township.

**CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

ASSETS

	<u>2006</u>			<u>2005</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Total</u>
CURRENT ASSETS:				
Cash-Savings	\$ 181,426	\$	\$ 181,426	\$ 191,090
Savings & Certificate of Deposit	1,614,475	664,066	2,278,541	2,237,563
Accounts Rec.	<u>10,993</u>	<u>2,612</u>	<u>13,605</u>	<u>524</u>
TOTAL CURRENT ASSETS	\$1,806,894	\$ 666,678	\$2,473,572	\$2,429,177
 Property & Plant	 \$ 513,450	 \$ 244,375	 \$ 757,825	 \$ 717,586
Accum. Deprec.	<u>(513,450)</u>	<u>(190,334)</u>	<u>(703,784)</u>	<u>(692,498)</u>
	\$	\$ 54,041	\$ 54,041	\$ 25,088
 OTHER ASSETS:				
Investment in Subsidiary Owosso- Caledonia Util Auth.;	<u>\$4,374,699</u>	<u>\$</u>	<u>\$4,374,699</u>	<u>\$4,427,999</u>
TOTAL OTHER ASSETS	<u>\$4,374,699</u>	<u>\$</u>	<u>\$4,374,699</u>	<u>\$4,427,999</u>
TOTAL ASSETS	<u>\$6,181,593</u>	<u>\$ 720,719</u>	<u>\$6,902,312</u>	<u>\$6,882,264</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:				
Due to Other Funds	\$	\$	\$	\$ 720
TOTAL CURRENT LIABILITIES	\$	\$	\$	\$ 720
 FUND BALANCE:				
Contributed Capital	\$	\$ 41,485	\$ 41,485	\$ 41,485
Retained Earnings	<u>6,181,593</u>	<u>679,234</u>	<u>6,860,827</u>	<u>6,840,059</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$6,181,593</u>	<u>\$ 720,719</u>	<u>\$6,902,312</u>	<u>\$6,882,264</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Total</u>
REVENUES:				
Charges for Services	\$ 143,363	\$	\$ 143,363	\$ 127,085
Hookups	19,300		19,300	24,000
Int. & Other Income	<u>105</u>	<u> </u>	<u>105</u>	<u>1,550</u>
TOTAL OPERATING REVENUES	\$ 162,768	\$	\$ 162,768	\$ 152,635
OPERATING EXPENSES:				
Operation of Plant	\$ 165,499	\$	\$ 165,499	\$ 154,272
Replacement	6,591		6,591	14,872
Depreciation Exp.	4,482	6,804	11,286	24,734
Misc. Exp.	<u> </u>	<u>201</u>	<u>201</u>	<u>45</u>
TOTAL OPERATING EXPENSES	\$ <u>176,572</u>	\$ <u>7,005</u>	\$ <u>183,577</u>	\$ <u>193,923</u>
OPERATING INCOME (LOSS)	\$ (13,804)	\$ (7,005)	\$ (20,809)	\$ (41,288)
NON-OPERATING REVENUES:				
Interest Income	\$ <u>88,469</u>	\$ <u>6,408</u>	\$ <u>94,877</u>	\$ <u>50,132</u>
TOTAL NON-OPERATING REVENUES	\$ 88,469	\$ 6,408	\$ 94,877	\$ 50,132
INCOME BEFORE OPERATING TRANSFERS	\$ 74,665	\$ (597)	\$ 74,068	\$ 8,844
Transfers from Other Funds	\$	\$581,307	\$ 581,307	\$
Transfers to Other Funds	<u>(581,307)</u>	<u> </u>	<u>(581,307)</u>	<u> </u>
TOTAL TRANSFERS	\$ (581,307)	\$581,307	\$	\$

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Total</u>
NET INCOME	\$ (506,642)	\$580,710	\$ 74,068	\$ 8,844
Retained Earnings January 1,	\$6,741,535	\$ 98,524	\$6,840,059	\$6,895,211
Decrease in Value Subsidiary During The Year	<u>(53,300)</u>	<u> </u>	<u>(53,300)</u>	<u>(63,996)</u>
RETAINED EARNINGS DECEMBER 31,	<u>\$6,181,593</u>	<u>\$679,234</u>	<u>\$6,860,827</u>	<u>\$6,840,059</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

		<u>2006</u>		<u>2005</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ (506,642)	\$580,710	\$ 74,068	\$ 8,844
Adjustment to Reconcile Net Income to Net Cash Provided from Operating Activities:				
Depreciation	4,482	6,804	11,286	24,734
(Increase) Decrease in Accts. Rec.	109		109	11,642
(Increase) in Accrued Interest Receivable	(10,578)	(2,612)	(13,190)	
(Decrease) in Due to Other Entities	<u>(720)</u>	<u> </u>	<u>(720)</u>	<u>720</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	\$ (513,349)	\$ 584,902	\$ 71,553	\$ 45,940
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES:				
Investment in Water Lines	\$	\$ (40,239)	\$ (40,239)	\$
Cash and Cash Equivalents January 1,	<u>2,309,250</u>	<u>119,403</u>	<u>2,428,653</u>	<u>2,382,713</u>
CASH AND CASH EQUIVALENTS DECEMBER 31,	<u>\$1,795,901</u>	<u>\$ 664,066</u>	<u>\$2,459,967</u>	<u>\$2,428,653</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid During the Year for:

Interest	\$	\$	\$	\$
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The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
SEWER FUND
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash in Bank-Checking	\$ 181,426	\$ 189,475
Cash-Savings and CD's	1,614,475	2,119,775
Accounts Receivable	<u>10,993</u>	<u>524</u>
TOTAL CURRENT ASSETS	\$1,806,894	\$2,309,774
 PROPERTY AND PLANT:		
Investment in Sewer Plan	\$ 513,450	\$ 513,450
Accumulated Depreciation	<u>(513,450)</u>	<u>(508,968)</u>
	\$	\$ 4,482
 OTHER ASSETS:		
Investment in Subsidiary – Owosso-Caledonia	<u>\$4,374,699</u>	<u>\$4,427,999</u>
TOTAL OTHER ASSETS	<u>\$4,374,699</u>	<u>\$4,427,999</u>
TOTAL ASSETS	<u>\$6,181,593</u>	<u>\$6,742,255</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:		
Due to Other Entities	\$ <u> </u>	\$ <u>720</u>
TOTAL CURRENT LIABILITIES	\$ <u> </u>	\$ <u>720</u>
 Retained Earnings	 <u>6,181,593</u>	 <u>6,741,535</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$6,181,593</u>	 <u>\$6,742,255</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
SEWER FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES:		
Charge for Services	\$ 143,363	\$ 127,085
Hookups	19,300	24,000
Interest & Other Income	<u>105</u>	<u>1,550</u>
TOTAL OPERATING REVENUES	\$ 162,768	\$ 152,635
 OPERATING EXPENSES:		
Operation of Plant	\$ 165,499	\$ 154,287
Replacement	6,591	14,872
Depreciation Expense	<u>4,482</u>	<u>17,930</u>
TOTAL OPERATING EXPENSES	\$ <u>176,572</u>	\$ <u>187,089</u>
 OPERATING INCOME	\$ (13,804)	\$ (34,454)
 NON-OPERATING REVENUES:		
Interest Income	\$ <u>88,469</u>	\$ <u>48,993</u>
TOTAL NON-OPERATING REVENUES	\$ 88,469	\$ 48,993
 INCOME BEFORE OPERATING TRANSFERS	 \$ 74,665	 \$ 14,539
 OPERATING TRANSFERS TO OTHER FUNDS	 \$ <u>(581,307)</u>	 \$ <u> </u>
NET INCOME	\$ <u>(506,642)</u>	\$ 14,539
 Retained Earnings January 1,	 6,741,535	 6,790,992
 Decrease in Value of Subsidiary During the Year	 <u>(53,300)</u>	 <u>(63,996)</u>
 RETAINED EARNINGS DECEMBER 31,	 <u>\$6,181,593</u>	 <u>\$6,741,535</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
SEWER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ (506,642)	\$ 14,539
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation	4,482	17,930
Decrease in Accounts Receivable	109	11,642
Increase Accrued Interest Receivable	(10,578)	
Decrease in Due to Other Entities	<u>(720)</u>	<u>720</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (513,349)	\$ 44,831
 Cash and Cash Equivalents January 1,	 <u>2,309,250</u>	 <u>2,264,419</u>
 CASH AND CASH EQUIVALENTS DECEMBER 31,	 <u>\$1,795,901</u>	 <u>\$2,309,250</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for:		
Interest	<u>\$ 0</u>	<u>\$ 0</u>

DISCLOSURE OF ACCOUNTING POLICY:

For the purpose of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
WATER FUND
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash-Savings	\$ 544,980	\$ 91,424
Cash-Certificate of Deposit	119,086	27,979
Accrued Interest Receivable	<u>2,612</u>	<u> </u>
TOTAL CURRENT ASSETS	\$666,678	\$119,403
 PROPERTY AND PLANT:		
Investment in Water Lines	\$244,375	\$204,136
Accumulated Depreciation	<u>(190,334)</u>	<u>(183,530)</u>
	<u>\$ 54,041</u>	<u>\$ 20,606</u>
 TOTAL ASSETS	 <u>\$720,719</u>	 <u>\$140,009</u>

LIABILITIES AND FUND BALANCE

FUND BALANCE:		
Contributed Capital	\$ 41,485	\$ 41,485
Retained Earnings	<u>679,234</u>	<u>98,524</u>
TOTAL FUND BALANCE	<u>\$720,719</u>	<u>\$140,009</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
WATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES:		
Interest Income	\$ <u>6,408</u>	\$ <u>1,139</u>
TOTAL OPERATING REVENUES	\$ 6,408	\$ 1,139
 EXPENSES:		
Depreciation	\$ 6,804	\$ 6,804
Water Project and Other	<u>201</u>	<u>30</u>
TOTAL EXPENSES	\$ <u>7,005</u>	\$ <u>6,834</u>
 INCOME BEFORE OPERATING TRANSFERS	 \$ (597)	 \$ (5,695)
 OPERATING TRANSFER IN:		
Other Funds	<u>\$581,307</u>	\$ _____
 NET INCOME (LOSS)	 \$580,710	 \$ (5,695)
 Retained Earnings January 1,	 <u>98,524</u>	 <u>104,219</u>
 RETAINED EARNINGS DECEMBER 31,	 <u>\$679,234</u>	 <u>\$ 98,524</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
WATER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 580,710	\$ (5,695)
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation	6,804	6,804
Increase Accrued Interest	<u>(2,612)</u>	<u> </u>
NET CASH FLOW FROM OPERATING ACTIVITIES	\$ 584,902	\$ 1,109
 NET CASH PROVIDED (USED) INVESTING ACTIVITIES:		
Investment in Water Lines	\$ (40,239)	\$
 Cash and Cash Equivalents January 1,	 <u>119,403</u>	 <u>118,294</u>
 CASH AND CASH EQUIVALENTS AT DECEMBER 31,	 <u>\$664,066</u>	 <u>\$119,403</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for:		
Interest	\$ <u> 0</u>	\$ <u> 0</u>

DISCLOSURE OF ACCOUNTING POLICY:

For purpose of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUNDS

TRUST AND AGENCY FUND

Trust and Agency Fund is used to account for collection of delinquent taxes and other monies which are held by the Township as a trustee and are distributed to other funds of the Township or to other governmental agencies.

CURRENT TAX COLLECTION FUND

Current Tax Collection Fund is used to receive the Township's current tax collections and to distribute such monies to the Township funds involved therein, and to other governmental agencies.

**CALEDONIA CHARTER TOWNSHIP
FIDUCIARY FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	<u>2006</u>			<u>2005</u>
	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>	<u>Totals</u>
ASSETS:				
Cash in Bank	\$ 776	\$ 1,828	\$ 2,604	\$ 1,859
Due from Other Entities				133
	<u>\$ 776</u>	<u>\$ 1,828</u>	<u>\$ 2,604</u>	<u>\$ 1,992</u>
LIABILITIES:				
Due to Other Funds	\$ 766	\$ 1,615	\$ 2,381	\$ 1,749
Due to Other Taxing Entities	10	213	223	243
Due to Others				
	<u>\$ 776</u>	<u>\$ 1,828</u>	<u>\$ 2,604</u>	<u>\$ 1,992</u>
FUND BALANCES:				
Fund Balances	<u>\$ 776</u>	<u>\$ 1,828</u>	<u>\$ 2,604</u>	<u>\$ 1,992</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
FIDUCIARY FUNDS
BALANCE SHEET
DECEMBER 31, 2006 AND 2005**

CURRENT TAX COLLECTION FUND

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash in Bank	\$ <u>776</u>	\$ <u>32</u>
LIABILITIES:		
Due to Other Funds	\$ 766	\$ 2
Due to Other Taxing Entities	10	30
Due to Others		
FUND BALANCE	\$ <u>776</u>	\$ <u>32</u>

TRUST AND AGENCY FUND

ASSETS:		
Cash in Bank	\$ 1,828	\$ 1,827
Due from Other Funds		<u>133</u>
	\$ <u>1,828</u>	\$ <u>1,960</u>
LIABILITIES:		
Due to Other Entities	\$ 213	\$ 213
Due to Other Funds	<u>1,615</u>	<u>1,747</u>
FUND BALANCE	<u>\$ 1,828</u>	<u>\$ 1,960</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2006 AND 2005**

CURRENT TAX COLLECTION FUND

	<u>2006</u>	<u>2005</u>
BALANCE JANUARY 1,	\$ 32	\$ 40
RECEIPTS:		
Current Property Taxes & Assessments	\$4,214,723	\$4,140,119
Delinquent Taxes, Penalties	1,116	23,608
Dog Licenses	50	100
Interest	13,292	5,569
Overpayments & Reimb.	<u>8,472</u>	<u>11,301</u>
	<u>\$4,237,653</u>	<u>\$4,180,697</u>
TOTAL RECEIPTS AND BEGINNING BALANCE	\$4,237,685	\$4,180,737
DISBURSEMENTS:		
Shiawassee County	\$2,661,206	\$2,570,771
Owosso Schools	549,547	583,613
Corunna Schools	796,463	763,011
General Fund	152,086	172,127
City of Corunna	3,650	1,575
Refunds and Fees	8,478	9,838
SATA		6,284
Community Library	<u>65,479</u>	<u>73,486</u>
TOTAL DISBURSEMENTS	<u>\$4,236,909</u>	<u>\$4,180,705</u>
BALANCE DECEMBER 31,	\$ <u>776</u>	\$ <u>32</u>

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

The General Fixed Assets Group of Accounts is used to account for the Township's fixed assets.

**CALEDONIA CHARTER TOWNSHIP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
DECEMBER 31, 2006 AND 2005**

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

	<u>Balance</u> <u>12-31-05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12-31-06</u>
Land	\$ 184,500	\$	\$	\$ 184,500
Buildings	314,444			314,444
Mach. & Equip.	266,595	13,382		279,977
Vehicles	<u>280,258</u>	<u>197,500</u>	<u> </u>	<u>477,758</u>
	<u>\$1,045,797</u>	<u>\$210,882</u>	<u>\$ </u>	<u>\$1,256,679</u>

The accompanying notes are an integral part of the financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Group of Accounts is used to account for the Township's long-term debt.

**CALEDONIA CHARTER TOWNSHIP
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
DECEMBER 31, 2006**

GENERAL LONG-TERM DEBT ACCOUNT GROUP

	<u>Balance</u> <u>12-31-05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-06</u>
Bank Loan Payable				
Fire Truck	<u>\$_____</u>	<u>\$187,500</u>	<u>\$18,750</u>	<u>\$168,750</u>

The accompanying notes are an integral part of the financial statements.

**CALEDONIA CHARTER TOWNSHIP
LOANS PAYABLE – FIRE TRUCK
DECEMBER 31, 2006**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
5-15-2007	\$ 18,750	\$ 8,437	\$ 27,187
5-18-2008	18,750	7,594	26,344
5-15-2009	18,750	6,750	25,500
5-15-2010	18,750	5,906	24,656
5-15-2011	18,750	5,062	23,812
5-15-2012	18,750	4,219	22,969
5-15-2013	18,750	3,375	22,125
5-15-2014	18,750	2,531	21,281
5-15-2015	18,750	1,688	20,438
5-15-2016	<u>18,750</u>	<u>844</u>	<u>19,594</u>
	<u>\$187,500</u>	<u>\$46,406</u>	<u>\$233,906</u>

The accompanying notes are an integral part of the financial statements.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

James Demis, Jr., C.P.A.
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June 26, 2007

**Members of the Township Board
Caledonia Charter Township
Shiawassee County, Michigan**

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the audit our firm performed on the financial statements of the Caledonia Charter Township, for the year ended December 31, 2006.

BUDGET

The State Revenue Sharing Distribution Law, P.A. 176 of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at December 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance. During our audit we noticed certain expenditures exceeding budgeting amounts. Care should be taken that expenditures do not exceed the budget. Amendments, if any, must occur before December 31. Additionally, a budget should be adopted for the Fire Capital Acquisition Fund.

GENERAL LEDGER

During our audit we noticed instances of expenses being recorded in the general ledger system against liability accounts resulting in understatement of expenditures for the period. The ability to accurately report financial information is an important internal control.

We recommend, after transactions are posted, they be reviewed to ensure they are properly classified in the general ledger system. We also recommend that on a monthly basis all general ledger accounts be reviewed.

We wish to thank the board for the excellent cooperation we received in performing the Township audit. If we can be of any further assistance to the Township, please contact us.

Sincerely yours,

Demis and Wenzlick, P.C.

Certified Public Accountants